

Summary of Revisions to Mutual Fund Dealer Rules

RULE 1A. APPLICATION, INTERPRETATION, EXEMPTIONS, AND DEFINITIONS

Rule 1A – Application/Interpretation

- Added reference to “Approved Persons” in (i) and (ii)
- Deleted reference to “except for mutual fund dealers registered only in Quebec”
- Added provision requiring Dealer Members registered as both a mutual fund dealer and investment dealer to comply with MFDA fee requirements
- Added new Transitional provision

Definitions

- Added reference to “affiliated”
- Amended definition of “assets under administration” to align with definition in MFDA Form 1
- Added new definitions: “Investment Dealer Member”, “Investment Dealer Member Rules”
- Revision to definition of Member – “and is not also registered as an investment dealer”
- Added definition of “person”

RULE 1 - BUSINESS STRUCTURES AND QUALIFICATIONS

Revisions to Rule 1.1.6 (Introducing and Carrying Arrangement)

- New sections added – (a) Introducing and Carrying Arrangements –General Requirements (d) Investment Dealer Member Carrying Dealer (e) – Terms of Arrangement

RULE 2 – BUSINESS CONDUCT

- Rule 2.2.2(c) – New Account - Inclusion of provision to permit use of affiliate firm client account documents for transferred in accounts under certain conditions
- Rule 2.13 - Disclosure of Corporation Membership - Language revisions have been made to the following subsections to include the option that the existing membership disclosure requirements may remain unchanged for a period after New SRO commences operations

RULE 8 – MEMBERSHIP MATTERS

- Rule 8.5.1 (Calculation of Annual Fee) and Rule 8.5.3 (Timing of Payment) – Revisions have been made to reflect interim fee model and fiscal year end of New SRO to March 31st
- Rule 8.7 (Effect of Non-payment of Fees) – this section had been adopted from current MFDA By-law (Section 16)

RULE 200 - MINIMUM STANDARDS FOR ACCOUNT SUPERVISION

- Documentation of Client Account Information - Inclusion of provision to permit use of affiliate firm client account documents for transferred in accounts under certain conditions.

RULE 400 - INTERNAL CONTROL RULE STATEMENTS

- INTERNAL CONTROL RULE STATEMENT 1 - GENERAL MATTERS – revision to reference to authoritative literature (ii)

RULE 1000 – DISCLOSURE OF MFDA MEMBERSHIP

- Deletion of Rule – will become a Disclosure Policy that will provide Members with the option to comply with existing membership disclosure requirements